

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Colfax Township	County Huron
Audit Date 3/31/04	Opinion Date 7/30/04	Date Accountant Report Submitted to State: 9-20-04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Brining & Nartker, P.C.			
Street Address 64 Westland Drive		City Bad Axe	State MI
Accountant Signature <i>Brining & Nartker P.C. by: Douglas P. Brining</i>		ZIP 48413	Date 9/20/04

**TOWNSHIP OF COLFAX
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2004**

TOWNSHIP OF COLFAX

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BRINING & NARTKER, P.C.

Certified Public Accountants

DOUGLAS P. BRINING, CPA
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Members of
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Certified Public Accountants
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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Township Board Members
Township of Colfax
Huron County, Michigan

Members of the Board:

We have audited the accompanying general purpose financial statements of the Township of Colfax, Huron County, Michigan, as of March 31, 2004 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Township of Colfax, Huron County, Michigan. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Colfax, Huron County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Colfax, Huron County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Brining & Nartker, P.C.
BRINING & NARTKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 30, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWNSHIP OF COLFAX
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
ASSETS						
Cash and investments (Note 3)	\$ 409,529	\$ 230,440	\$ 422,451	\$ -	\$ -	\$ 1,062,420
Taxes receivable	13,023	8,577	-	-	-	21,600
Accounts receivable	-	59	-	-	-	59
Due from other funds (Note 4)	154,362	124,214	6,500	-	-	285,076
General fixed assets (Note 5)	-	-	-	565,456	-	565,456
Amount to be provided for retirement of general long-term debt	-	-	-	-	65,000	65,000
TOTAL ASSETS	<u>\$ 576,914</u>	<u>\$ 363,290</u>	<u>\$ 428,951</u>	<u>\$ 565,456</u>	<u>\$ 65,000</u>	<u>\$ 1,999,611</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	\$ 682	\$ 512	\$ -	\$ -	\$ -	\$ 1,194
Payroll withholdings payable	945	763	-	-	-	1,708
Due to other funds (Note 4)	-	7,969	277,107	-	-	285,076
Bonds payable (Note 6)	-	-	-	-	65,000	65,000
TOTAL LIABILITIES	<u>1,627</u>	<u>9,244</u>	<u>277,107</u>	<u>-</u>	<u>65,000</u>	<u>352,978</u>
FUND EQUITY:						
Investment in general fixed assets	-	-	-	565,456	-	565,456
Fund balance	575,287	354,046	151,844	-	-	1,081,177
TOTAL FUND EQUITY	<u>575,287</u>	<u>354,046</u>	<u>151,844</u>	<u>565,456</u>	<u>-</u>	<u>1,646,633</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 576,914</u>	<u>\$ 363,290</u>	<u>\$ 428,951</u>	<u>\$ 565,456</u>	<u>\$ 65,000</u>	<u>\$ 1,999,611</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF COLFAX
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	TOTALS (MEMORANDUM ONLY)
REVENUES:			
Taxes	\$ 166,418	\$ 98,925	\$ 265,343
Licenses and permits	1,975	-	1,975
Intergovernmental revenue	150,066	-	150,066
Charges for services	-	55,923	55,923
Interest	11,445	1,964	13,409
Miscellaneous	107,995	59,977	167,972
TOTAL REVENUES	<u>437,899</u>	<u>216,789</u>	<u>654,688</u>
EXPENDITURES:			
Legislative	2,917	-	2,917
General government	106,948	-	106,948
Public safety	78,378	-	78,378
Public works	64,129	-	64,129
Culture and recreation	7,890	-	7,890
Cemetery	-	84,344	84,344
Liquor control	-	775	775
Roads	-	109,245	109,245
Lagoon	-	6,855	6,855
TOTAL EXPENDITURES	<u>260,262</u>	<u>201,219</u>	<u>461,481</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>177,637</u>	<u>15,570</u>	<u>193,207</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	132,822	132,822
Operating transfers out	(128,000)	-	(128,000)
Bond principal, interest and fees	-	(14,760)	(14,760)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(128,000)</u>	<u>118,062</u>	<u>(9,938)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>49,637</u>	<u>133,632</u>	<u>183,269</u>
FUND BALANCE - April 1	525,650	220,414	746,064
FUND BALANCE - March 31	<u><u>\$ 575,287</u></u>	<u><u>\$ 354,046</u></u>	<u><u>\$ 929,333</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF COLFAX
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004**

	GENERAL FUND			SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:									
Taxes	\$ 144,725	\$ 166,418	\$ 21,693	\$ 86,000	\$ 98,925	\$ 12,925	\$ 230,725	\$ 265,343	\$ 34,618
Licenses and permits	1,000	1,975	975	-	-	-	1,000	1,975	975
Intergovernmental revenue	145,000	150,066	5,066	-	-	-	145,000	150,066	5,066
Charges for services	-	-	-	56,500	55,923	(577)	56,500	55,923	(577)
Interest	6,000	11,445	5,445	4,210	1,964	(2,246)	10,210	13,409	3,199
Miscellaneous	6,400	107,995	101,595	42,460	59,977	17,517	48,860	167,972	119,112
TOTAL REVENUES	303,125	437,899	134,774	189,170	216,789	27,619	492,295	654,688	162,393
EXPENDITURES:									
Legislative	4,000	2,917	1,083	-	-	-	4,000	2,917	1,083
General government	114,475	106,948	7,527	-	-	-	114,475	106,948	7,527
Public safety	79,000	78,378	622	-	-	-	79,000	78,378	622
Public works	67,600	64,129	3,471	-	-	-	67,600	64,129	3,471
Culture and recreation	8,218	7,890	328	-	-	-	8,218	7,890	328
Cemetery	-	-	-	95,150	84,344	10,806	95,150	84,344	10,806
Liquor control	-	-	-	1,100	775	325	1,100	775	325
Roads	-	-	-	85,000	109,245	(24,245)	85,000	109,245	(24,245)
Lagoon	-	-	-	9,000	6,855	2,145	9,000	6,855	2,145
TOTAL EXPENDITURES	273,293	260,262	13,031	190,250	201,219	(10,969)	463,543	461,481	2,062
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	29,832	177,637	147,805	(1,080)	15,570	16,650	28,752	193,207	164,455
OTHER FINANCING SOURCES (USES):									
Operating transfers in	-	-	-	136,000	132,822	(3,178)	136,000	132,822	(3,178)
Operating transfers out	(128,000)	(128,000)	-	-	-	-	(128,000)	(128,000)	-
Bond principal, interest and fees	-	-	-	(14,760)	(14,760)	-	(14,760)	(14,760)	-
TOTAL OTHER FINANCING SOURCES (USES)	(128,000)	(128,000)	-	121,240	118,062	(3,178)	(6,760)	(9,938)	(3,178)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(98,168)	49,637	147,805	120,160	133,632	13,472	21,992	183,269	161,277
FUND BALANCE - April 1	525,650	525,650	-	220,414	220,414	-	746,064	746,064	-
FUND BALANCE - March 31	\$ 427,482	\$ 575,287	\$ 147,805	\$ 340,574	\$ 354,046	\$ 13,472	\$ 768,056	\$ 929,333	\$ 161,277

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF COLFAX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Township Operations:

The Township is located in Huron County, Michigan. It is governed by a five person elected board and provides the following services to its residents: fire protection, roads, and general administrative services.

Reporting Entity:

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, the definition of the reporting entity is based primarily on the premise of financial accountability. The Township is a primary government and is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. These types of organizations are deemed component units.

Based on the provisions of GASB 14, there are no organizations that are deemed to be component units of the Township.

Basis of Presentation:

The accounts of the Township are organized on the basis of funds and account groups, each of which is a separate accounting entity with its own set of self-balancing accounts including assets, liabilities, fund equity, revenues and expenditures. The following funds and account groups are used by the Township:

Governmental Fund Types:

General Fund - This fund is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Fund Types:

Trust and Agency Funds - These funds are used to account for assets held in trust or as an agent for others.

Account Groups:

General Fixed Assets - This account group is used to account for fixed assets used in governmental fund type operations. All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt - This account group is used to account for long-term liabilities to be financed from government funds.

Total Columns on Combined Statements:

The total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(Continued)

TOWNSHIP OF COLFAX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and trust and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year-end. A one year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Fine and permit revenues are not susceptible to accrual because, generally, they are not measurable until received in cash.

Accounting Estimates:

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Budgets:

Budgets and amended budgets as presented for the Governmental Fund Types are adopted on a basis consistent with generally accepted accounting principles. The budgeted amounts shown in budget to actual comparisons are the final amended budgets. All annual appropriations lapse at year end. The Township does not utilize encumbrance accounting.

Property Taxes:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

General Fixed Assets:

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group rather than in governmental funds. Public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

TOWNSHIP OF COLFAX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(CONTINUED)

NOTE 2 – BUDGETS:

In the combined financial statements, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL</u> <u>APPROPRIATION</u>	<u>AMOUNT OF</u> <u>EXPENDITURES</u>	<u>BUDGET</u> <u>VARIANCE</u>
General Fund:			
Legal and professional	\$ 14,500	\$ 19,208	\$ 4,708
Treasurer salary	\$ 8,350	\$ 11,372	\$ 3,022
Office supplies	\$ 8,000	\$ 8,936	\$ 936
Insurance	\$ 5,000	\$ 10,954	\$ 5,954
Telephone	\$ 1,200	\$ 1,368	\$ 168
Capital outlay	\$ 6,000	\$ 7,145	\$ 1,145
Fire protection	\$ 70,000	\$ 71,117	\$ 1,117
Cemetery Fund:			
Health insurance	\$ 18,000	\$ 18,486	\$ 486
Road Fund:			
Road maintenance and repairs	\$ 85,000	\$ 109,245	\$ 24,245
Lagoon Fund:			
Professional fees	\$ -	\$ 360	\$ 360
Maintenance	\$ 4,000	\$ 4,404	\$ 404

NOTE 3 - CASH AND INVESTMENTS:

Deposits - The Township's cash accounts consist of various interest bearing checking accounts and certificates of deposit. As of March 31, 2004, the carrying amount of the Township's deposits was \$1,062,258 and the bank balance was \$1,086,188. Of the bank balance, \$449,136 was covered by Federal Depository Insurance and included \$325,144 in certificates of deposit. Petty cash amounted to \$162.

Investments - State statutes authorize the Township to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. Government and U.S. agencies, banker's acceptance of U.S. banks and mutual funds comprised of the above authorized investments. The Township has no investments at March 31, 2004.

**TOWNSHIP OF COLFAX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(CONTINUED)**

NOTE 4 – INTERFUND RECEIVABLE AND PAYABLE BALANCES:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund:		
Road Fund	\$ 1,469	\$ -
Tax Fund	152,893	-
	<u>154,362</u>	<u>-</u>
Cemetery Fund:		
Perpetual Care Fund	<u>-</u>	<u>6,500</u>
Road Fund:		
General Fund	-	1,469
Tax Fund	90,633	-
	<u>90,633</u>	<u>1,469</u>
Lagoon Fund:		
Tax Fund	<u>33,581</u>	<u>-</u>
Perpetual Care Fund:		
Cemetery Fund	<u>6,500</u>	<u>-</u>
Tax Fund:		
General Fund	-	152,893
Road Fund	-	90,633
Lagoon Fund	-	33,581
	<u>-</u>	<u>277,107</u>
Totals	<u><u>\$ 285,076</u></u>	<u><u>\$ 285,076</u></u>

NOTE 5 – CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets for the year ended March 31, 2004 is as follows:

	BALANCE APRIL 1, <u>2003</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE MARCH 31, <u>2004</u>
Land	\$ 107,167	\$ -	\$ (101,667)	\$ 5,500
Buildings	122,759	-	-	122,759
Equipment	148,461	3,414	-	151,875
Lagoon	197,325	-	-	197,325
Bad Axe Area Fire Protection Association	87,997	-	-	87,997
	<u><u>\$ 663,709</u></u>	<u><u>\$ 3,414</u></u>	<u><u>\$ (101,667)</u></u>	<u><u>\$ 565,456</u></u>

NOTE 6 – BONDS PAYABLE:

On July 1, 1988, bonds in the amount of \$180,000 were sold to finance the construction of a sewage treatment facility. Principal is payable annually through 2008 in the amount of \$10,000 to \$15,000. Interest is payable semi-annually at a declining rate from 10% to 5%. The following is a summary of the changes in bonds payable for the year ended March 31, 2004.

(Continued)

**TOWNSHIP OF COLFAX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(CONTINUED)**

NOTE 6 – BONDS PAYABLE: (Continued)

Bonds payable - April 1, 2003	\$ 75,000
Principal payments	10,000
Bonds payable - March 31, 2004	<u>\$ 65,000</u>

Annual debt service requirements to maturity for the outstanding long-term debt is as follows:

<u>YEAR ENDING</u> <u>MARCH 31,</u>	<u>PRINCIPAL</u> <u>DUE</u>	<u>INTEREST</u> <u>DUE</u>	<u>TOTAL</u> <u>DUE</u>
2005	10,000	3,260	13,260
2006	10,000	2,505	12,505
2007	15,000	1,875	16,875
2008	15,000	1,125	16,125
2009	15,000	375	15,375
	<u>\$ 65,000</u>	<u>\$ 9,140</u>	<u>\$ 74,140</u>

NOTE 7 - PROPERTY TAX LEVY:

The Township's tax levy for the year is based on a taxable value of \$51,364,150. The mills levied per \$1,000 of taxable value are as follows:

General	1.2125
Roads	1.9253
Fire and other services	<u>1.7095</u>
	<u>4.8473</u>

NOTE 8 - PENSION:

The Township participates in a defined contribution employee group pension plan through Manufacturers Life Insurance Company. The plan covers all elected officials and full time cemetery employees. The Township contributes 6% of elected officials' compensation and 10% of full time cemetery employees' compensation to the plan. The amount withheld from elected officials' pay is 3% and the amount withheld from full time cemetery employees' pay is 6%. Participants also have the option to make voluntary after-tax contributions ranging from 1% to 10%. Pension expense for the year ended March 31, 2004 amounted to \$6,352.

NOTE 9 - JOINT VENTURE:

Pursuant to an inter-local agreement dated September 7, 1990 between the Township and the City of Bad Axe and Verona Township, fire protection services are provided by the Bad Axe Area Fire Protection Association. At inception, the Township contributed \$87,997 for its equity interest in the equipment of the Association and this amount has been recorded in the General Fixed Asset Account Group of the Township. The Township makes annual operating contributions to the Association based on a formula included in the agreement. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. As of March 31, 2004, the equity interest recorded by the Township consists of the original contribution in the amount of \$87,997. Separate financial statements through 2003 for the joint venture are available from the Bad Axe Area Fire Protection Association. As of December 31, 2003, general fund equity amounted to \$45,041.

SUPPLEMENTAL INFORMATION

**TOWNSHIP OF COLFAX
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Taxes:			
Current property taxes	\$ 130,000	\$ 149,451	\$ 19,451
Delinquent taxes	300	679	379
Trailer taxes	425	465	40
Collection fees	14,000	15,823	1,823
Total taxes	<u>144,725</u>	<u>166,418</u>	<u>21,693</u>
Licenses and permits:			
Site permits	<u>1,000</u>	<u>1,975</u>	<u>975</u>
Intergovernmental:			
State shared revenue:			
Sales tax	<u>145,000</u>	<u>150,066</u>	<u>5,066</u>
Interest	<u>6,000</u>	<u>11,445</u>	<u>5,445</u>
Miscellaneous:			
Assessments	5,700	5,700	-
Other	700	102,295	101,595
Total Miscellaneous	<u>6,400</u>	<u>107,995</u>	<u>101,595</u>
TOTAL REVENUES	<u>303,125</u>	<u>437,899</u>	<u>134,774</u>
EXPENDITURES:			
Legislative:			
Trustee fees	<u>4,000</u>	<u>2,917</u>	<u>1,083</u>
General government:			
Supervisor salary	8,350	8,327	23
Deputy supervisor salary	380	314	66
Elections	2,500	-	2,500
Legal and professional	14,500	19,208	(4,708)
Assessor fees	12,000	11,750	250
Clerk salary	8,350	8,327	23
Deputy clerk salary	380	314	66
Board of review	1,500	423	1,077
Board of appeals	1,000	-	1,000
Treasurer salary	8,350	11,372	(3,022)
Deputy treasurer salary	380	314	66
Appointed officials	3,200	2,617	583
Payroll taxes	3,300	1,362	1,938
Pension	3,200	2,256	944
Officials' expenses	4,000	1,966	2,034
Other wages	2,000	288	1,712

(Continued)

**TOWNSHIP OF COLFAX
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004
(CONTINUED)**

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE- FAVORABLE (UNFAVORABLE)
EXPENDITURES: (Continued)			
General government: (Continued)			
Office supplies	8,000	8,936	(936)
Insurance	5,000	10,954	(5,954)
Building maintenance	4,000	2,023	1,977
Dues and publications	3,500	2,671	829
Ambulance	4,885	-	4,885
Utilities	2,500	1,518	982
Telephone	1,200	1,368	(168)
Miscellaneous	6,000	3,495	2,505
Capital outlay	6,000	7,145	(1,145)
Total general government	<u>114,475</u>	<u>106,948</u>	<u>7,527</u>
Public safety:			
Fire protection	70,000	71,117	(1,117)
Zoning administrator	5,800	5,481	319
Planning commission	3,200	1,780	1,420
Total public safety	<u>79,000</u>	<u>78,378</u>	<u>622</u>
Public works:			
Drain at large	7,800	6,190	1,610
Road maintenance	48,000	46,735	1,265
Brine	10,000	9,311	689
Street lights	1,800	1,893	(93)
Total public works	<u>67,600</u>	<u>64,129</u>	<u>3,471</u>
Culture and recreation:			
Parks and recreation	500	172	328
Library	7,718	7,718	-
Total culture and recreation	<u>8,218</u>	<u>7,890</u>	<u>328</u>
TOTAL EXPENDITURES	<u>273,293</u>	<u>260,262</u>	<u>13,031</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>29,832</u>	<u>177,637</u>	<u>147,805</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers out	(128,000)	(128,000)	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(98,168)</u>	<u>49,637</u>	<u>147,805</u>
FUND BALANCE - April 1	525,650	525,650	-
FUND BALANCE - March 31	<u>\$ 427,482</u>	<u>\$ 575,287</u>	<u>\$ 147,805</u>

**TOWNSHIP OF COLFAX
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004**

	CEMETERY FUND	LIQUOR CONTROL FUND	ROAD MAINTENANCE FUND	LAGOON FUND	TOTALS
<u>ASSETS</u>					
Cash	\$ 33,708	\$ 856	\$ 178,069	\$ 17,807	\$ 230,440
Taxes receivable	-	-	7,898	679	8,577
Accounts receivable	59	-	-	-	59
Due from other funds	-	-	90,633	33,581	124,214
TOTAL ASSETS	<u>\$ 33,767</u>	<u>\$ 856</u>	<u>\$ 276,600</u>	<u>\$ 52,067</u>	<u>\$ 363,290</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	\$ 508	\$ 4	\$ -	\$ -	\$ 512
Payroll withholdings payable	763	-	-	-	763
Due to other funds	6,500	-	1,469	-	7,969
TOTAL LIABILITIES	<u>7,771</u>	<u>4</u>	<u>1,469</u>	<u>-</u>	<u>9,244</u>
Fund Equity:					
Fund balance	25,996	852	275,131	52,067	354,046
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 33,767</u>	<u>\$ 856</u>	<u>\$ 276,600</u>	<u>\$ 52,067</u>	<u>\$ 363,290</u>

**TOWNSHIP OF COLFAX
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004**

	CEMETERY FUND	LIQUOR CONTROL FUND	ROAD MAINTENANCE FUND	LAGOON FUND	TOTALS
REVENUES:					
Taxes	\$ -	\$ -	\$ 98,925	\$ -	\$ 98,925
Charges for services	55,923	-	-	-	55,923
Interest	84	8	1,541	331	1,964
Assessments	-	523	-	34,260	34,783
Miscellaneous	16,924	-	-	8,270	25,194
TOTAL REVENUES	<u>72,931</u>	<u>531</u>	<u>100,466</u>	<u>42,861</u>	<u>216,789</u>
EXPENDITURES:					
Cemetery	84,344	-	-	-	84,344
Liquor control	-	775	-	-	775
Road maintenance	-	-	109,245	6,855	116,100
Lagoon	-	-	-	-	-
TOTAL EXPENDITURES	<u>84,344</u>	<u>775</u>	<u>109,245</u>	<u>6,855</u>	<u>201,219</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,413)</u>	<u>(244)</u>	<u>(8,779)</u>	<u>36,006</u>	<u>15,570</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	19,822	-	113,000	-	132,822
Bond principal	-	-	-	(10,000)	(10,000)
Bond interest	-	-	-	(4,260)	(4,260)
Bond fees	-	-	-	(500)	(500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,822</u>	<u>-</u>	<u>113,000</u>	<u>(14,760)</u>	<u>118,062</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>8,409</u>	<u>(244)</u>	<u>104,221</u>	<u>21,246</u>	<u>133,632</u>
FUND BALANCE - April 1	17,587	1,096	170,910	30,821	220,414
FUND BALANCE - March 31	<u>\$ 25,996</u>	<u>\$ 852</u>	<u>\$ 275,131</u>	<u>\$ 52,067</u>	<u>\$ 354,046</u>

**TOWNSHIP OF COLFAX
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:			
Upkeep on cemetery lots	\$ 4,500	\$ -	\$ (4,500)
Grave openings	40,000	46,273	6,273
Lot sales	12,000	9,650	(2,350)
Interest	3,000	84	(2,916)
Land lease	2,200	2,332	132
Other income	5,000	14,592	9,592
TOTAL REVENUES	<u>66,700</u>	<u>72,931</u>	<u>6,231</u>
EXPENDITURES:			
Salaries	46,500	45,752	748
Office expense	300	229	71
Payroll taxes	7,500	5,781	1,719
Pension benefits	5,000	4,096	904
Supplies	2,000	545	1,455
Gas and oil	3,000	1,485	1,515
Professional fees	500	-	500
Health insurance	18,000	18,486	(486)
Maintenance	3,000	2,650	350
Other insurance	5,000	3,350	1,650
Telephone	550	502	48
Utilities	2,000	1,379	621
Miscellaneous	500	89	411
Refunds	300	-	300
Capital outlay	1,000	-	1,000
TOTAL EXPENDITURES	<u>95,150</u>	<u>84,344</u>	<u>10,806</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(28,450)</u>	<u>(11,413)</u>	<u>17,037</u>
OTHER FINANCING SOURCES:			
Operating transfers in	23,000	19,822	(3,178)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(5,450)</u>	<u>8,409</u>	<u>13,859</u>
FUND BALANCE - April 1	17,587	17,587	-
FUND BALANCE - March 31	<u>\$ 12,137</u>	<u>\$ 25,996</u>	<u>\$ 13,859</u>

**TOWNSHIP OF COLFAX
LIQUOR CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Liquor license refund	\$ 500	\$ 523	\$ 23
Interest	10	8	(2)
TOTAL REVENUES	<u>510</u>	<u>531</u>	<u>21</u>
EXPENDITURES:			
Salaries	1,000	720	280
Payroll taxes	100	55	45
TOTAL EXPENDITURES	<u>1,100</u>	<u>775</u>	<u>325</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(590)</u>	<u>(244)</u>	<u>346</u>
FUND BALANCE - April 1	1,096	1,096	-
FUND BALANCE - March 31	<u>\$ 506</u>	<u>\$ 852</u>	<u>\$ 346</u>

**TOWNSHIP OF COLFAX
ROAD MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Current property taxes	\$ 86,000	\$ 98,925	\$ 12,925
Interest	1,000	1,541	541
TOTAL REVENUES	<u>87,000</u>	<u>100,466</u>	<u>13,466</u>
EXPENDITURES:			
Road maintenance and repairs	85,000	109,245	(24,245)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>(8,779)</u>	<u>(10,779)</u>
OTHER FINANCING SOURCES:			
Operating transfers in	113,000	113,000	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>115,000</u>	<u>104,221</u>	<u>(10,779)</u>
FUND BALANCE - April 1	170,910	170,910	-
FUND BALANCE - March 31	<u>\$ 285,910</u>	<u>\$ 275,131</u>	<u>\$ (10,779)</u>

**TOWNSHIP OF COLFAX
LAGOON FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Assessments	\$ 34,260	\$ 34,260	\$ -
Interest	200	331	131
Other	500	8,270	7,770
TOTAL REVENUES	<u>34,960</u>	<u>42,861</u>	<u>7,901</u>
EXPENDITURES:			
Outside labor	2,950	1,205	1,745
Professional fees	-	360	(360)
Maintenance	4,000	4,404	(404)
Utilities	800	651	149
Miscellaneous	1,250	235	1,015
TOTAL EXPENDITURES	<u>9,000</u>	<u>6,855</u>	<u>2,145</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>25,960</u>	<u>36,006</u>	<u>10,046</u>
OTHER FINANCING SOURCES (USES):			
Bond principal	(10,000)	(10,000)	-
Bond interest	(4,260)	(4,260)	-
Bond fees	(500)	(500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,760)</u>	<u>(14,760)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>11,200</u>	<u>21,246</u>	<u>10,046</u>
FUND BALANCE - April 1	30,821	30,821	-
FUND BALANCE - March 31	<u>\$ 42,021</u>	<u>\$ 52,067</u>	<u>\$ 10,046</u>

**TOWNSHIP OF COLFAX
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004**

	<u>PERPETUAL CARE FUND</u>	<u>CURRENT TAX COLLECTION FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash	\$ 145,344	\$ 277,107	\$ 422,451
Due from other funds	6,500	-	6,500
TOTAL ASSETS	<u>\$ 151,844</u>	<u>\$ 277,107</u>	<u>\$ 428,951</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES:			
Due to other funds	\$ -	\$ 277,107	\$ 277,107
FUND BALANCE:			
Fund balance	151,844	-	151,844
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 151,844</u>	<u>\$ 277,107</u>	<u>\$ 428,951</u>

**TOWNSHIP OF COLFAX
PERPETUAL CARE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004**

REVENUES:	
Sale of perpetual care	\$ 1,150
Interest	3,839
	<hr/>
TOTAL REVENUES	4,989
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	4,989
	<hr/>
OTHER FINANCING SOURCES (USES):	
Operating transfers out	(4,822)
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	167
	<hr/>
FUND BALANCE - April 1	151,677
	<hr/>
FUND BALANCE - March 31	<u><u>\$ 151,844</u></u>

**TOWNSHIP OF COLFAX
CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BALANCE</u> <u>APRIL 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31, 2004</u>
<u>ASSETS</u>				
Cash	\$ 16,254	\$ 1,509,485	\$ 1,248,632	\$ 277,107
TOTAL ASSETS	<u><u>\$ 16,254</u></u>	<u><u>\$ 1,509,485</u></u>	<u><u>\$ 1,248,632</u></u>	<u><u>\$ 277,107</u></u>
<u>LIABILITIES</u>				
Due to Huron County	\$ -	\$ 587,240	\$ 587,240	\$ -
Due to schools	-	609,515	609,515	-
Due to Northgate	-	16,303	16,303	
Due to other funds	16,254	296,427	35,574	277,107
TOTAL LIABILITIES	<u><u>\$ 16,254</u></u>	<u><u>\$ 1,509,485</u></u>	<u><u>\$ 1,248,632</u></u>	<u><u>\$ 277,107</u></u>

TOWNSHIP OF COLFAX
SCHEDULE OF BONDED INDEBTEDNESS - ISSUE DATED MAY 1, 1998
MARCH 31, 2004

MATURITY DATE	PRINCIPAL AMOUNT PAYABLE AT EACH MATURITY DATE	INTEREST		TOTAL
		RATE	AMOUNT	
09/01/04	10,000	10.0%	1,880	11,880
03/01/05		10.0%	1,380	1,380
09/01/05	10,000	5.1%	1,380	11,380
03/01/06		5.0%	1,125	1,125
09/01/06	15,000	5.0%	1,125	16,125
03/01/07		5.0%	750	750
09/01/07	15,000	5.0%	750	15,750
03/01/08		5.0%	375	375
09/01/08	15,000	5.0%	375	15,375
TOTALS	<u>\$ 65,000</u>		<u>\$ 9,140</u>	<u>\$ 74,140</u>